



2008 Legislative Update

Department of Local Government Finance

Dan Jones,

Assistant Director of Budget Division

Spring 2008

2008 Update

- Current Budget Status
 - Brown County has not billed for 2007 taxes
 - LaPorte County assessment status is tentative
 - As of May 20:
 - 22 2008 Budget Orders have been issued
 - 37 counties have received 1782's
 - 46 counties have certified 2008 AV's

2008 Update

- Budget Orders are published online at www.in.gov/dlgf when issued to county auditors
- DLGF field representatives will conduct budget workshops in July and August

Typical Budget Calendar

- July 1
- Aug 1
- Sep 30
- Oct 15
- Nov
- Feb 15
- May 10
- Jun 30
- Assessor submits AV's to Auditor's
- Auditor submits values to DLGF
- Budgets adopted by local boards
- Adopted rates advertised by Auditors
- DLGF works budgets
- DLGF certifies rates and levies
- 1st half property taxes due
- Taxes distributed to local units

Key Dates to Remember

- August 1- Assessor's submit AV's to Auditor's
 - Auditor's need time to apply deductions and credits to arrive at "net assessed values".
- Feb 15 – DLGF certifies rates and levies
 - DLGF must have "net assessed values" to calculate rates and levies which are needed to prepare the tax bills.

Any interruption in calendar can disrupt cycle.

Projecting a Timeline

- AV's certified until 1782's are mailed? Avg 4 wks
- 1782's mailed till Budget Order issued? Avg 3 wks
- Orders issued until taxes billed? Appx 6 wks
- Time from taxes billed till due? Min 2 wks
- Time from taxes due until settlement? 50 days
- Total Time Frame: Approximately 22 weeks

New for 2009

- Appointed boards must submit budgets to fiscal bodies 14 days before adoption hearing
 - Fiscal body probably will have a different budget hearing schedule
 - Important to coordinate with fiscal officer
 - DLGF will need to accept the lowest of the two budgets

New for 2009

- The board and fiscal body must adopt budget by September 30 (unchanged)
- However, a fiscal body typically has an earlier schedule to allow more time at the end for problems/emergencies/ etc.

New for 2009

- Capital Projects Fund
 - Tax levy will now be included in the maximum levy calculation
 - To calculate 2009 max levy, add 2008 CPF levy to 2008 max levy and multiply times average growth quotient
 - Creating a new CPF levy will come from 2008 operating levy

New for 2009

- Most excessive levy appeals are eliminated
- Shortfall appeals are still available
 - Appeal still needs to be advertised as a part of the budget
 - Appeals must be adopted along with the budget

New for 2009

- Appointed boards may no longer issue bonds or enter into leases without approval of their fiscal body
- After July 1, 2008, DLGF no longer involved with reviewing or approving debt issues or leases

HEA 1001

- DLGF legal and financial staff are still reviewing and analyzing the changes made by the various pieces of legislation during the 2008 session. The Department will issue memo's and opinions throughout the summer expressing our position on various issues.



HEA 1001

- HEA 1001 is Property tax reform bill
 - Essentially, HEA 1001 is designed to limit the property tax liability of taxpayers while restructuring revenues streams traditionally attributed to property revenues.
 - Places hard “caps” on property tax liability
 - Transfers some costs previously paid from property costs over to income taxes or other revenues

HEA 1001

- Transfers all (5) Welfare levies to state
- Transfers state forestry, state fair rates to state
- Transfers school general and special education pre-school cost to state
- Eliminates pre-1977 police & fire pension costs to cities
- Eliminates juvenile DOC costs to counties

HEA 1001

- Increased 2008 homestead credit (\$620M)
- Increased Homestead Cr \$140M 2009
- Increased Homestead Cr \$80M in 2010
- Increased income tax deduction for renters from \$2,500 to \$3,000
- Changes standard deduction for homestead deductions to 45K or 60%

HEA 1001

- Increases sales tax to 7% from 6%
- Abolishes PTRC and state homestead credits beginning in 2009
- Circuit breakers limit homestead tax liability in 2009 to 1.5% and 1.0% in 2010
- Residential limits are 2.5% in 2009 and 2.0% in 2010

HEA 1001

- Non-residential limits are 3.5% in 2009 and 3.0% in 2010
- Property taxes imposed after approved by a referendum are not limited to circuit breaker (also applies to certain counties that issued debt or leases before July 1, 2008)
- Changes definition of “distressed unit”

HEA 1001

- “Distressed Unit” means a unit that has lost at least 5% of certified levy due to circuit breaker
- Distressed Unit can apply to the “Distressed Unit Board” for remedy from circuit breaker
- Unit must submit a financial plan and comply with plan approved by Distressed Unit Board to get remedy

HEA 1001

- Appointed Boards:
 - Requires appointed boards to submit budget to fiscal bodies at least 14 days before body has adoption hearing
 - Maximum levy means growth in property tax levy greater than 6 year average increase in Indiana non-farm personal income

HEA 1001

- Appointed boards cannot issue debt or leases unless approved by fiscal body
- DLGF after July 1, 2008 will no longer review requests to issue bonds or leases for capital projects. Review and approval will be made at the local level and may be subject to the petition/remonstrance process and/or voter referendum.

HEA 1001

- General Obligation bonds are limited to 20 year terms
- Issuing refunding bonds with longer terms are prohibited
- Savings resulting from refunding bonds can only be used for debt service reserve funds, repaying the bonds, or reducing levies.

HEA 1001

- Library Capital Projects Fund
 - CPF's are not eliminated by HEA 1001
 - HEA 1001 Sec. 176 now includes the CPF levy in the maximum levy of the library. The DLGF has interpreted HEA 1001 to mean that to calculate the 2009 max levy, take the 2008 max levy and add the CPF levy and then add the growth factor to arrive at the 2009 max levy amount.

HEA 1001

- Excess Levy Appeals
 - Only four appeals remain:
 - Shortfall (not due to circuit breaker)
 - Erroneous assessed values were provided and used to calculate budget
 - Correction of mathematical or advertising error or,
 - If the civil taxing unit cannot carryout its governmental functions for a year due to a natural disaster, accident, or unanticipated emergency.



For More Information

- News releases from the DLGF
 - www.in.gov/dlgf
- Contact the DLGF
 - 317.232.3777
 - propertytaxinfo@dlgf.in.gov